

PRESENTATION BY WILLIAM L. OEMICHEN
PRESIDENT & CEO, WISCONSIN FEDERATION OF COOPERATIVES AND
THE MINNESOTA ASSOCIATION OF COOPERATIVES
August 4, 2005

Secretary Johanns:

I am Bill Oemichen, President & CEO of the Wisconsin Federation of Cooperatives and the Minnesota Association of Cooperatives. We represent more than 800 cooperative businesses in both states that are owned by more than 2.9 million Wisconsin citizens and 3.4 million Minnesota citizens.

You have asked: *How can Federal rural and farm programs provide effective assistance in rural areas?*

MILC. Because the MILC program provides assistance directly to dairy producers, it has shown itself to be very effective financial assistance mechanism for rural areas in a very broad sense. In our region, not only do dairy farmers and their cooperatives support of the program, but it's also strongly support by a number of rural businesses - the bankers, the farm supply co-ops, the farm machinery dealers, and the veterinarians -- all of whom would have had a significantly harder time getting their farmer clients to pay their bills in the low milk price months of 2002 and 2003 had the MILC program's assistance not been in place. We directly know this because many of these rural businesses are also cooperatives and reported to us that the MILC payments made it possible for agricultural producers to keep current -- or nearly current -- with their payments.

Health Care for Farmers and Other Rural Residents. A second important issue that I would like to raise to respond to your question is access to health care for farmers. Upper Midwest farmers are at a real disadvantage when it comes to health care. The average Wisconsin farmer, for example, pays three times as much for health care as a salaried employee and twice as much as other self-employed individuals. Insurers are often reluctant to insure farmers because they are perceived as high risk and many insurance policies are now excluding injuries related to the farming business. Critically for Wisconsin's dairy industry, nearly 20% of our state's dairy farmers have no insurance and 38% of our state's new farmers and 46% of farmers under the age of 35 do not have health insurance. Those that have health insurance typically have a high deductible, relatively low coverage plan that has often no preventative health care provisions.

As a result of appropriations language authored by Senator Herb Kohl and Representative David Obey, as well as other members of the Minnesota and Wisconsin Congressional Delegations, USDA Rural Development is providing \$2.23 million to us to create pilot health care cooperatives for the purpose of bringing farmers and other rural residents together to buy health insurance. An additional \$2.25 million has been included in the Senate Agricultural Appropriations bill this year. We, and the thousands of producers we represent, greatly appreciate this assistance from USDA. Thank you.